

Message Text

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44

ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEAE-00 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 PA-04

USIA-15 PRS-01 NEA-14 DRC-01 /186 W
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P R 081509Z JUL 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 1866

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ENRG, UK

SUBJECT: LABOR GOVERNMENT PLANS ANNOUNCEMENT RE GOVERN-
MENT CONTROL OF NORTH SEA OIL

1. TWO SUNDAY PAPERS (OBSERVER AND TELEGRAPH) JULY 7
CARRIED FRONTPAGE STORIES TO THE EFFECT THAT ENERGY
SECSTATEVARLEY WILL PUBLISH WHITE PAPER BEFORE HOUSE OF
COMMONS RECESSES AT END OF JULY REGARDING LABOR GOVERN-
MENT INTENTIONS CONCERNING NORTH SEA OIL. PRESS ACCOUNTS,
EVIDENTLY BASED ON LEAKS, CONTAINED FOUR ESSENTIAL POINTS.

A) THE STATE CONTEMPLATES TAKING A MAJORITY SHARE
HOLDING IN ALL NORTH SEA OIL OPERATING COMPANIES. THE
TELEGRAPH SPECULATED THAT THE GOVERNMENT'S SHARE WILL BE
51 PERCENT.

B) THERE WILL BE A BIG INCREASE IN THE COST OF
DEVELOPMENT LICENSES TO INSURE A MUCH LARGER SHARE OF
THE POTENTIAL PROFIT "COMES BACK TO THE GOVERNMENT."

C) THE CREATION OF A STATE PURCHASING ORGANIZATION

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PROBABLY CALLED THE NATIONAL HYDROCARBONS CORPORATION

TO WHICH COMPANIES WILL BE COMPELLED TO SELL THEIR OIL
AND WHICH WILL REGULATE THE RATE OF EXTRACTION (THE
OBSERVER DOUBTS THAT THE GOVERNMENT WILL INSIST COMPANIES
SELL THEIR OIL TO A MONOPOLY BUYER).

D) ARRANGEMENTS TO INSURE THAT A FAIR SHARE OF OIL
PROFITS GO TO SCOTLAND AS DEVELOPMENT GRANTS AND HELP TO
IMPROVE THE ENVIRONMENT AND SOCIAL AND EDUCATIONAL
SERVICES.

2. DEPARTMENT OF ENERGY OFFICIALS REFUSE TO COMMENT IN
ANY DETAIL ON THESE POINTS. THEY SAY FIRM DECISIONS "ON
THE SHAPE OF THE FINAL PACKAGE" HAVE NOT YET BEEN MADE
AND THAT IN THE MEANTIME THEIR SPECULATIONS MIGHT BE MORE
MISLEADING THAN HELPFUL. THEY BELIEVE AN ANNOUNCEMENT IS
LIKELY WITHIN THE NEXT FEW DAYS. THEY ALSO SAY THE
GOVERNMENT INTENDS TO INFORM THE US GOVERNMENT BEFORE AN
ANNOUNCEMENT IS MADE OF THE TERMS OF THE PACKAGE.

3. THESE OFFICIALS ARE, OF COURSE, AWARE THAT WE ARE
REPORTING THE ABOVE. IF DEPARTMENT HAS ANY SPECIFIC
QUESTIONS OR POINTS IT WISHES US TO RAISE WITH THE
BRITISH GOVERNMENT BEFORE THEY GET IN TOUCH WITH US, WE
SHOULD BE INSTRUCTED ACCORDINGLY AS SOON AS POSSIBLE.

4. SEE LONDON'S 8462 FOR FURTHER DETAILS.

ANNENBERG

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, ENERGY, POLICIES, PETROLEUM, STATE ENTERPRISES
Control Number: n/a
Copy: SINGLE
Draft Date: 08 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON08461
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740180-0961
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740769/aaaacgux.tel
Line Count: 88
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 20 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20-Jul-2001 by kellerpr>; APPROVED <19 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LABOR GOVERNMENT PLANS ANNOUNCEMENT RE GOVERN- MENT CONTROL OF NORTH SEA OIL
TAGS: ENRG, UK
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005